

Memorandum

Date : July 10, 2001

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To : Robert Pernell, Commissioner and Committee Presiding Member **File:** Potrero_SR6.doc
William J. Keese, Chariman and Committee Associate Member

From : California Energy Commission - Marc Pryor
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Subject : POTRERO POWER PLANT UNIT 7 PROJECT (00-AFC-4) STATUS REPORT NO. 6

SCHEDULE

Staff issued its Preliminary Staff Assessment (PSA) on May 31, 2001, and held four PSA workshops on June 11, 12, 18 and 19. Staff has scheduled a second Environmental Justice workshop for July 17, 2001, from 6:30 p.m. to 8:00 p.m. at the Potrero Hill Neighborhood House, 953 De Haro Street, San Francisco. The first was held on April 12.

About 50 people attended the PSA workshops each day. Intervenors and members of the public provided many comments. Primary issues expressed are presented below. Many comments on the PSA have been received from the applicant, intervenors and the general public. Comments will be distributed to staff and will be included and addressed as appropriate in the Final Staff Assessment (FSA).

As noted in its June 1, 2001, response to a motion to extend the schedule, staff expects to file the FSA in late September. This will allow for resolution of outstanding issues pertaining to, but not limited to, air quality, aquatic biology, public health, water resources, waste management, land use, and cultural resources.

ISSUES

CURRENT ISSUES

MOTIONS TO REVISE AND REISSUE THE PSA

Some participants in the PSA workshops, and especially the intervenors Communities for a Better Environment (CBE), Southeast Alliance for Environmental Justice (SAEJ), and Our Children's Earth (OCE), expressed their belief that the PSA was not complete enough to provide the necessary information to the public so that it could make substantive comments, and therefore the PSA does not comply with the California Environmental Quality Act (CEQA).

The purpose of the PSA is to provide the public and parties with staff's draft analysis of the proposed project. It is meant to inform the public and parties about

what has been determined, what has not, and what remains to be done. In addition, its purpose is to provide a structure about which meaningful dialogue can be based in order to better address the issues at hand in the FSA.

Some of the workshop attendees were not satisfied that the Energy Commission's siting process of the PSA, FSA, Hearings, Presiding Member's Proposed Decision, and final Decision provide for the opportunities to express comments and concerns per CEQA requirements. Staff respectfully disagrees.

The siting process is a dynamic process that does not cease with either the PSA or FSA. Rather, the FSA is staff's testimony and is equal before the Committee to those submitted by the other parties. In addition, the Committee and Commission accepts and considers public comments even to the point of final decision. Staff does not believe that the PSA should be reissued or that the Energy Commission's siting process is in violation of CEQA.

SITE CONTROL

According to the City Attorney's Office and various other PSA workshop participants, the applicant must obtain one or more easements or agreements from the Port of San Francisco (Port) for its proposed outflow structure at the southeast corner of the site, and for a segment of the proposed transmission line to the Hunters Point Substation (not to be confused with the Hunters Point Power Plant power plant).

The applicant stated in the PSA workshops that it is currently holding discussions with the City and County of San Francisco regarding the outflow structure easement/agreement, but the representative of the City Attorney's office seemed to be unaware of the discussions. Due to the closed nature of easement/agreement negotiations, staff is unable to determine the status of this issue. The applicant also stated that the transmission line route will be just a part of a Hetch-Hetchy project and therefore would not require an easement/agreement from the Port.

Staff believes that the applicant must obtain site control from the CCSF. Because easements/agreements are not discretionary actions, they are not subject to Energy Commission jurisdiction, such as an override. If the applicant cannot obtain the necessary easements/agreements, the project may not be constructed even if the Energy Commission licensed the project.

HUNTERS POINT POWER PLANT

Most people in attendance at the workshop expressed strong desires that a condition for licensing of Unit 7 be the required closure of PG&E's Hunters Point Power Plant (HPPP). Such a condition would not be within the authority of the Energy Commission and staff cannot make that recommendation. The applicant is

not a party to the existing CCSF and PG&E agreement to shut down the HPPP. Whether HPPP can be shut down depends on additional transmission, new generation, or both, can be constructed to provide for reliability.

During the Alternatives workshop, a representative of California Independent System Operator presented information on the electric power situation on the peninsula, three potential transmission line projects (Jefferson-Martin 230 kV, trans-Bay, and the San Mateo-Jefferson upgrade), the need for in-city generation, and the continuing need for the HPPP.

Of the three transmission lines, the Jefferson-Martin line is the only one that has begun the permitting process. Cal-ISO is encouraging PG&E to proceed with the line as fast as possible, but the approval process is long and if approved, Cal-ISO would not expect the line to be completed until 2006. Even if the Jefferson-Martin line is approved and constructed, Cal-ISO reliability requirements will still not be satisfied.

The trans-Bay line would have to traverse many miles of built-up areas in the east Bay, and would probably be laid upon the bay floor. This project would be very difficult to get approved, be very expensive, and would require a long time to construct. Therefore, Cal-ISO would not expect this line to be in place until 2012, if at all. The San Mateo-Jefferson project would upgrade the existing 65 kV line to 115 kV, and would be expected sometime after 2006.

Staff and Cal-ISO will be addressing the peninsula situation in a Local Systems Effects section in the FSA.

HORIZONTAL COORDINATION IN THE PSA WAS LACKING

In the FSA, staff will be addressing and resolving interdisciplinary shortfalls that exist in the PSA. Specifically, the areas of Air Quality, Public Health, Biological Resources, Land Use, Soil/Water Resources, Traffic and Transportation, and Hazardous Materials Handling must be better coordinated in order to address concerns that have common elements, such as Environmental Justice concerns.

AIR QUALITY AND PUBLIC HEALTH

Comments received at the PSA workshops pertaining to air quality focused primarily on the public and intervenor's contentions that 1) the southeast area of San Francisco has unfairly borne the burden of industrial pollution and that the Unit 7 project is a continuation of this practice; 2) the air district's emissions offsets program, by allowing basin-wide offsets credits (primarily credits from the Contra Costa area), does not provide emissions reductions in the local southeast San Francisco area; and 3) staff's proposed mitigation using diesel-fueled vehicle

retrofits does not provide long term emissions reductions benefits comparable to the projected 30-year lifespan of the Unit 7 project.

The closely related subject of Public Health received harsh criticism, especially concerning perceived higher cancer and asthmatic rates in the southeast area. Staff will coordinate its public health and air quality analyses to better address these inter-related subjects in the FSA.

BIOLOGICAL RESOURCES AND WATER RESOURCES

The applicant is continuing with its aquatic surveys and additional information is forthcoming. Staff continues to believe that it will have enough information by mid-August in order to prepare the aquatic biological resources section.

Better coordination between biological and water resources areas and the air quality and public health is necessary in order to address concerns expressed at the workshops. These concerns include, but are not limited to, perceived impacts on subsistence fishers, the commercial fisheries, threatened and/or endangered species, pollutant discharge, thermal impacts, and toxic sediments.

A spokesperson for the local Audubon Society expressed concerns about migratory and other bird species, possible impacts to the Dungeness crab fishery, and that staff's proposed mitigation overestimates the amount of available sources of mitigation, such as availability of wetlands and the use of old dock pilings as habitat. Staff is studying the issues and will address them in the terrestrial and aquatic biology sections of the FSA.

TOXIC SEDIMENTS

Staff is expecting additional information by mid-July that will enable it to more effectively address the toxic sediments issues. This information includes, but is not limited to Dredge Management Materials Office, Regional Water Quality Control Board, and Department of Toxic Substances Control comments.

The toxic sediments concerns share commonalities with public health, water resources, biological resources and perhaps air quality. Staff will be addressing these commonalities in the FSA.

TRAFFIC/TRANSPORTATION AND HAZMAT

At the PSA workshop, the delivery and use of aqueous ammonia presents concerns regarding potential impacts due to accidental release during truck transport and during handling (offloading). Staff will reconsider routings of delivery trucks, and will consider a suggestion that barges be used to transport and deliver aqueous ammonia via the nearby Pier 70 complex instead of by truck. Currently, trucks would transit from supply points the east bay and perhaps farther east via the San

Jose area. Barge deliveries may allow for fewer deliveries that would be via shorter and less congested routes. One potential problem identified however, would be the need to build a delivery pipeline from the pier to the power plant site. This pipeline would have to traverse Port of San Francisco property and may not be feasible for various factors that remain to be identified.

LAND USE

The character of San Francisco south of the Bay Bridge is undergoing a rapid and radical transformation from a highly industrialized waterfront and working-class neighborhood into an area that is attracting biotechnical and medical activities, higher-economic scale housing, and so-called "live-work" lofts. Staff has been tracking these changes, and will continue to do so.

Waterfront development and transformation, including the Bay Conservation and Development District's (BCDD) long-term plans to create a bayside access pathway, and the Port of San Francisco's plans to rehabilitate Pier 70, are being studied and taken into account by land use staff. Also, as discussed above, there exists the potential that one or more easements must be obtained by the applicant from the Port of San Francisco, and must be explored further.

CULTURAL RESOURCES

Staff is exploring options for mitigating potential impacts to the pump house historical resource and expects to have the issue resolved by the time the FSA is issued.

INFORMATION REQUIRED FROM THE APPLICANT

In the PSA staff listed information that was still expected to be filed by the applicant. As of July 5, the applicant had submitted all of the information. At the PSA workshop the applicant agreed to provide information regarding alternatives to its proposed use of bay waters for power plant cooling. This information is not expected until July 20 at the earliest.

MSP:msp

cc: Potrero Power Plant Unit 7 Project POS list (includes Bio AWG)
Docket